

Mercantile Investment Company Limited

ABN 15 121 415 576
Level 11, 139 Macquarie Street
Sydney NSW 2000
Tel 02 8014 1188
Fax 02 8084 9918

11 October 2016

Dear Wellington Merchants Limited shareholder

COMPULSORY ACQUISITION

We are writing to you because the share register of Wellington Merchants Limited (**WML**) records that you hold the number of ordinary shares in WML (**WML Shares**) stated on the enclosed transfer form (**Transfer Form**).

As you will be aware, Mercantile NZ Limited made a takeover offer dated 23 August 2016 (**Offer**) for all of the WML Shares.

The Offer closed on 6 October 2016. Mercantile NZ Limited received sufficient acceptances of the Offer to result in its sole shareholder, Mercantile Investment Company Limited (**MVT**), becoming the holder or controller of 90% or more of the WML Shares (when combined with the WML Shares already held or controlled by MVT). Accordingly, MVT is entitled under the New Zealand Takeovers Code to compulsorily acquire the outstanding WML Shares.

Please find enclosed with this letter a Compulsory Acquisition Notice given to you under the Takeovers Code (**Notice**).

If you have sold all your WML Shares, you should immediately forward this letter, the Notice and the Transfer Form to:

- (a) the new holder; or
- (b) the agent through whom the sale was made for them to be passed to the new holder.

If you have sold some of your WML Shares, please treat the enclosed documents as applicable to the balance of your holding, and amend the Transfer Form accordingly.

The enclosed Notice sets out your rights as an outstanding shareholder of WML and the details regarding the payment you will receive for your WML Shares (NZ\$3.45 per WML Share in cash).

If you sign and return the Transfer Form by 1 November 2016, you will receive payment for your WML Shares within 7 days of receipt of your Transfer Form.

If you do not sign and return the Transfer Form by 1 November 2016, the payment for your WML Shares will be delivered to WML, which will hold the money on trust for you until claimed by you, and your WML Shares will be transferred to MVT by WML in accordance with the provisions of the Takeovers Code.

Please read the Notice carefully. If you have any questions you should consult your financial or legal adviser or call Link Market Services on 09 375 5998 (within New Zealand) or +64 9 375 5998 (outside New Zealand).

We look forward to the return of the completed Transfer Form as soon as possible. You should complete the Transfer Form even if you completed an acceptance form for the Offer (as, if you have received this letter, your acceptance form will have been received by Mercantile NZ Limited after the close of the Offer).

Yours faithfully
Mercantile Investment Company Limited



Gabriel Radzynski
Director

Mercantile Investment Company Limited

ABN 15 121 415 576
Level 11, 139 Macquarie Street
Sydney NSW 2000
Tel 02 8014 1188
Fax 02 8084 9918

11 October 2016

All outstanding shareholders of Wellington Merchants Limited

Compulsory Acquisition Notice under Rule 54 of the New Zealand Takeovers Code in respect of Shares in Wellington Merchants Limited

Background

Mercantile NZ Limited made a takeover offer dated 23 August 2016 (**Offer**) for all of the ordinary shares (**WML Shares**) in Wellington Merchants Limited (**WML**) at a price of NZ \$3.45 per WML Share.

The Offer closed on 6 October 2016. Mercantile NZ Limited received sufficient acceptances of the Offer to result in its sole shareholder, Mercantile Investment Company Limited (**MVT**), becoming the holder or controller of 90% or more of the WML Shares (when combined with the WML Shares already held or controlled by **MVT**).

MVT gave notice on 10 October 2016 that it became the dominant owner of WML for the purposes of the compulsory acquisition provisions of the Takeovers Code.

Interpretation

Any expression that is defined in the Takeovers Code and used (but not defined) in this notice has the same meaning as in the Takeovers Code. In this notice, all sums of money referred to are in New Zealand currency and all time references are to New Zealand time.

MVT to acquire outstanding WML Shares

MVT is now exercising its compulsory acquisition rights under Part 7 of the Takeovers Code and pursuant to Rule 52 of the Takeovers Code. Accordingly, you (as an outstanding shareholder of WML) must now sell all of your WML Shares to **MVT**.

Attached to this notice is a Transfer Form prepared to effect the transfer to **MVT** of all of your WML Shares. You are requested to complete and return the Transfer Form in the reply paid envelope to the address below, email the completed Transfer Form to the email address below or send by facsimile the completed Transfer Form to the facsimile number below:

Wellington Merchants Limited
c/- Link Market Services Limited
PO Box 91976, Auckland 1142, New Zealand
Email: applications@linkmarketservices.co.nz
(Please use "WML Takeover" as the subject of the email.)
Facsimile: +64 9 375 5990

You are requested to complete and return the Transfer Form so that it is received no later than 1 November 2016 (being 21 days after the date this notice was sent).

Consideration for outstanding WML Shares

If you complete and return the Transfer Form so that it is received by 1 November 2016, MVT will pay you NZ\$3.45 per WML Share within seven days after receipt of the Transfer Form.

If you do not complete and return the Transfer Form so that it is received by 1 November 2016 the Takeovers Code provides that:

- (a) MVT must deliver to WML the consideration of NZ\$3.45 per WML Share payable for each of your WML Shares;
- (b) WML must hold that consideration on trust for you in an interest bearing trust account with a registered bank until such time as you claim payment;
- (c) MVT, or its agent, must sign on your behalf a Transfer Form in relation to your WML Shares; and
- (d) on receipt of the Transfer Form signed by MVT on your behalf and payment of the consideration payable for your WML Shares, the directors of WML are required to register the transfer of your WML Shares into the name of MVT.

If the consideration relating to your WML Shares is paid to WML (as set out in paragraph (a) above) then you may claim that consideration directly from WML.

Information required under Rule 55 of the Takeovers Code

The details required to be stated in this notice by Rule 55 of the Takeovers Code are set out below:

- (a) MVT holds or controls more than 90% of the voting rights in WML;
- (b) all outstanding shareholders in WML must sell their WML Shares to MVT;
- (c) the consideration to be provided for the outstanding WML Shares is NZ\$3.45 per WML Share which is the same as the consideration paid by Mercantile NZ Limited for each WML Share under the Offer;
- (d) the outstanding shareholders in WML have the right to sell their WML Shares to MVT and be paid for those WML Shares in accordance with Part 7 of the Takeovers Code as set out in this notice;
- (e) the date on which this notice is sent is 11 October 2016;
- (f) this notice is accompanied by a Transfer Form;
- (g) the completed Transfer Form should be sent to:

Wellington Merchants Limited
c/- Link Market Services Limited
PO Box 91976, Auckland 1142, New Zealand
Email: applications@linkmarketservices.co.nz
Facsimile: +64 9 375 5990

Signed for and on behalf of
Mercantile Investment Company Limited



Gabriel Radzynski
Director

INSTRUMENT OF TRANSFER
MERCANTILE INVESTMENT COMPANY LIMITED
COMPULSORY ACQUISITION OF ALL SHARES IN
WELLINGTON MERCHANTS LIMITED
SHAREHOLDER (TRANSFEROR)

SECURITY HOLDER DETAILS

NUMBER OF WML SHARES HELD AS AT 11 OCTOBER 2016

HOLDER NUMBER or CSN

BY SIGNING THIS INSTRUMENT OF TRANSFER (TRANSFER FORM) THE TRANSFEROR HEREBY:

- (a) transfers to Mercantile Investment Company Limited (**Transferee**) all the shares in Wellington Merchants Limited (**WML**) registered in the name of the Transferor at the time this Transfer Form is presented to the share registrar for registration (**Target Shares**) in consideration for the payment to the Transferor by the Transferee of NZ\$3.45 for each Target Share transferred by the Transferor to the Transferee; and
- (b) represents and warrants to the Transferee that:
 - (i) the Transferor is the registered holder(s) of the Target Shares and that title to each of the Target Shares will be transferred to the Transferee free of all security interests, charges, liens, mortgages, encumbrances and adverse interests and claims of any kind, but together with all rights attaching to them, and no other person holds any interest in the Target Shares; and
 - (ii) the Transferor has full power and capacity to sell and transfer the Target Shares to the Transferee.

METHOD OF PAYMENT

Payment will be made either by cheque or by electronic transfer directly into the Transferor's bank account. Please select a Method of Payment by ticking the appropriate box below. Note that all payments will be made in New Zealand dollars.

Method of Payment (please tick one):

CHEQUE ELECTRONIC PAYMENT

Note: If you do not select a Method of Payment, or the details that you provide are not sufficient to effect an electronic transfer, you will be paid by cheque or by direct credit to your existing nominated account already held with Link Market Services Limited (if any).

Electronic Transfer Details: Please complete the details below if you wish to be paid by electronic transfer:

New Zealand Bank Account:

Account Name:

Bank Branch Account Number Suffix No.

Overseas Bank Account:

Account Name:

Bank Name:

Bank Address:

Swift Code/Sort Code/BSB Code:

(only overseas Transferors need to complete)

Other Information:

(Overseas transferors to provide any other information required to effect an electronic transfer to them)

FOR AN INDIVIDUAL OR JOINT HOLDERS / ATTORNEY	For a COMPANY / BODY CORPORATE
Signed by the Transferor(s): _____ Signature _____ Signature	Signed by the Transferor(s) by: _____ Director _____ Director/Duly Authorised Person
Dated and executed the _____ day of _____ 2016.	

NOTES AND INSTRUCTIONS FOR COMPLETION

- 1. COMPLETING THIS FORM:** Complete and sign this form where marked "Signed by the Transferor(s)". Companies must sign in accordance with the Companies Act 1993.
- 2. METHOD OF PAYMENT:** You should select a Method of Payment. If you do not, or if you do not provide sufficient details to enable an electronic transfer to you, you will be paid by cheque or by direct credit to your existing nominated account already held with Link Market Services Limited (if any). Overseas Transferors should take particular care to provide all information that is required to make an electronic transfer to them. If they do not, payment will be made by cheque to them, and neither the Transferee nor Link Market Services Limited has any responsibility to verify any such details. Overseas Transferors who have not provided a New Zealand bank account number and that elect to be paid by electronic transfer will need to make their own arrangements with their bank to ensure that their designated account is capable of receiving a funds transfer in New Zealand dollars.
- 3. JOINT HOLDERS:** If the Target Shares are registered in the names of joint holders, all must sign the form.
- 4. SHARES HELD BY NOMINEES:** If your Target Shares are held through a nominee, advise your nominee that you wish to sell all your Target Shares and instruct your nominee to complete accordingly, sign and return the form to the Transferee in accordance with the instructions set out in this form.
- 5. POWER OF ATTORNEY:** If this form is signed under a power of attorney, the relevant power of attorney must be submitted with the form for noting and return, and the certificate printed below must be completed. Where such power of attorney has already been noted by Link Market Services Limited, then this fact must be stated under the signature of the attorney.
- 6. ON COMPLETION:** Place the signed form in the enclosed reply-paid envelope post to the Transferee at the address below, email the signed form to the email address provided or fax the signed form to the number provided, as soon as possible, but in any event so as to be received not later than 1 November 2016.

Wellington Merchants Limited
c/- Link Market Services Limited
PO Box 91976, Auckland 1142
Email: applications@linkmarketservices.co.nz
(Please use "WML Takeover" as the subject of the email.)
Facsimile: +64 9 375 5990
- 7. PREVIOUS SALE:** If you have sold all your Target Shares, please pass this form together with the compulsory acquisition notice to your share broker or the purchaser(s) of such Target Shares. If you have sold part of your shareholding, record that fact on this form by amending the number of Target Shares noted as being held by you on the face of this form.
- 8. INTERPRETATION:** In this form references to the Transferor in the singular shall include the plural.

If you are in any doubt about the procedure to transfer your Target Shares, please telephone Link Market Services Limited on 09 375 5998 (within New Zealand) or +64 9 375 5998 (outside New Zealand), or email applications@linkmarketservices.co.nz.

IF THIS FORM IS SIGNED UNDER POWER OF ATTORNEY, THE ATTORNEY(S) SIGNING MUST SIGN THE FOLLOWING CERTIFICATE:

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I/WE _____ (insert name of attorney signing)

of _____ (Address and Occupation of attorney signing)

HEREBY CERTIFY THAT:

1. THAT by a Power of Attorney dated the ____ day of _____, the Transferor named and described on the face of this form (Donor) appointed me his/her/its/their attorney on the terms and conditions set out in that Power of Attorney.
2. THAT I/we have executed the form printed on the face of this document as attorney under that Power of Attorney and pursuant to the powers thereby conferred upon me/us.
3. THAT at the date hereof I/we have not received any notice or information of the revocation of that Power of Attorney by the death (or winding up) of the Donor or otherwise.

Signed at _____ this _____ day of _____ 2016

Signature(s) of Attorney(s)

Note: Your signature does not require witnessing.